



Federal Communications Commission
445 12th Street SW
Washington, DC 20554

August 27, 2013

In the Matter of:

Modernizing the E-Rate Program for)	WC Docket No. 13-184
Schools & Libraries)	

**Comments of AASA: The School Superintendents Association and
the Association of Educational Service Agencies**

Introduction

On behalf of *AASA: The School Superintendents Association*, representing more than 10,000 public school superintendents and local educational leaders and the *Association of Educational Service Agencies*, representing 553 collaborative education service agencies in 45 states, we would like to applaud the FCC for the leadership role they have taken in supporting the schools and libraries program (E-Rate) and in overseeing the deployment of higher level connectivity across the country.

Since its inception, E-Rate has been focused on increasing the connectivity and the quality of the connection of schools and libraries. We can now say that almost all schools nationwide are connected to the internet and students are able to integrate cutting edge technology into their classrooms. Schools are able to use their E-Rate discounts to help them afford essential services and leverage additional dollars for other areas of their budgets, including instruction.

That being said, there is still a lot of work to be done, even within the current constraints of the program. Though most schools and libraries are now connected to the internet, the quality and speed of that connection does not always meet the demand. We still have school districts that do not have the technological capacity to keep up with the cutting edge of online formative assessments and tracking massive amounts of data through the state longitudinal data systems.

The E-Rate program is capped at just over \$2.3 billion of the Universal Service Fund. This amount had remained frozen at \$2.25 billion until 2011, when the program received a slight inflationary adjustment. Even with this very modest increase in funding, schools and libraries apply for E-Rate discounts that far exceed the available funding. In fact, demand in 2013 exceeded \$5 billion, more than double the available funding, meaning more applications go unfunded than receive funding.

AASA and AESA strongly urge the FCC to carefully consider any changes that might be made to the E-Rate program to ensure that the program: continues to fulfill its original promises on connectivity, works to meet current demand before expanding to new services, and has adequate funding support.

Overall Support for E-Rate Program

AASA and AESA represent school system leaders across the country who can provide daily examples of the success of the E-Rate program. Over the last 16 years, E-Rate has single-handedly supported expanded connectivity, such that 95% of today's students are now in schools with internet connections attributable to E-Rate. Data have also demonstrated that E-Rate has helped close classroom internet access disparities between rural, urban and suburban schools and high and low-poverty districts. A 2012 survey found that 92% of respondents described E-Rate as critical to their success¹.

The E-Rate program is a program succeeding in its mission. As the FCC moves forward with this NPRM, it is prudent to remain focused on the fact that E-Rate is a program that works and that any changes to the E-Rate program should be focused on expanding a successful program that has yet to reach its full potential. The current program, while needing some marginal updates to its structure, is most strained by increasing demand for E-Rate-supported services and persistently low funding. The single most effective step the FCC can take to bolster E-Rates current and future success is to provide \$5 billion in funding, an amount commensurate with current demand.

There are additional programmatic changes and restructuring that can provide additional efficiencies and savings. To rely solely on programmatic efficiencies, however, without providing additional new funding is a shortsighted solution, a policy that fails to address the program's most significant problem: inadequate funding. The incremental addition of dollars linked to inflation, while welcome, does little to adequately address the underlying, ongoing issue of funding.

AASA and AESA believe this NPRM is an opportunity to tackle the important work of expanding a successful program, and would be concerned by any efforts that frame the conversation as one aimed at 'fixing' something. E-Rate is not a broken program that needs to be fixed; it is a successful program that schools and libraries continue to rely on, a program that must continue to provide funding critical for telecommunications and connectivity.

Overall Funding Level Meeting Program Demand

AASA and AESA believe the single most effective thing the FCC can do to bolster the E-Rate program's effectiveness in not only providing connectivity, but also expanded connectivity, is to more adequately fund E-Rate. The E-Rate was level-funded at \$2.25 billion between 1997 and 2011. In its 2010 NPRM, the FCC itself recognized the inadequacy of the current E-Rate funding level, writing that 'Demand for funding far exceeds available funding every year.' And 'In future years...it is likely that requests for telecommunications and internet access services will exceed the cap, with the result that no funding for internal connections will be available for any applicants.'

AASA and AESA strongly support the FCC's subsequent decision to index E-Rate funding to inflation, but the modest adjustment lacked any serious impact because it continues to be grossly outpaced by demand. Given that the current E-Rate funding structure produces significant and persistent funding shortfalls for priority two services, AASA and AESA strongly urge the Commission to raise the E-Rate funding level to \$5 billion, an investment that would not only be virtually identical to program demand but would also be a systematic approach to addressing the program's weak funding structure.

A similar proposal, President Obama's ConnectEd, calls for 99% of the nation's students to have high-speed broadband in 5 years. Averaging that cost over the existing mechanism for funding E-Rate (the Universal Service Fund), ConnectEd would cost an additional 40 cents per month on the phone bill. Over the course of a year, that totals less than the cost of ONE of Subway's \$5 foot-long submarine sandwiches. This type of funding, derived from the Universal Services Fund, would be a strong step toward more adequately funding the E-Rate program.

¹ Funds for Learning Survey of Applicants (Oct. 2012) <http://www.fundsforlearning.com/docs/2012/10/FY2012%20FFL%20E-rate%20Survey%202012-10-08.pdf>

E-Rate and Flexibility

As the FCC moves forward with considering the myriad changes proposed in the NPRM, AASA and AESA strongly encourage the FCC to do so in the context of autonomy and flexibility at the local level. There is a fine line between incenting desired behavior and being overly prescriptive. In the context of E-Rate and affording higher-cost connectivity, a well-intentioned incentive aimed at prioritizing certain services could, in reality, fall short as schools cannot afford the higher-cost service AND find themselves no longer able to afford previously eligible lower-cost/priority services. Districts should remain in control of deciding which services to purchase through E-Rate.

Flexibility can be as good as new money. Flexibility is not a substitute for new money; all the flexibility in the world would not be enough to make the current E-Rate funding level enough to meet the bold goal of high-speed broadband for schools and libraries. When it comes to implementing any federal policy or program, it is imperative that the overseeing agency recognize that what works in one district will often not always work in another district, even if identical. Flexibility is the best way to strike a balance between meeting federal goals and recognizing the unique opportunities and obstacles in each school and community. Flexibility allows the local school or library to use their E-Rate dollars in the way that leverages the most access they can obtain in the context of their broader education and technology goals.

Streamlining the Application Process

AASA and AESA have previously weighed in on several of the proposals included in the NPRM aimed at streamlining the application process:

- **Online filing:** The NPRM proposes to improve the online application system and require that all applicants file forms electronically. While generally supporting the use of electronic filing in most instances, AASA and AESA urge the Commission to recognize that e-filing may not be feasible for those applicants (mainly rural and urban) that lack adequate bandwidth for online filing or for replacement contracts that are filed out-of-cycle.
- **Reducing administrative burden:** AASA and AESA support streamlining the E-Rate application process so as to minimize administrative burden. School districts and LEAs navigate one-half dozen forms in completing the E-Rate application process each year. This annual paper trail absorbs countless hours and pushes some schools to incur the additional expense of a consultant with expertise in the cumbersome process. Even with a consultant, nearly one-quarter of denied applications were declined because of errors in the application process.

Targeting Supported Services for Broadband

The NPRM includes a proposal to reprioritize E-Rate funding to support higher bandwidth connectivity and asks if there are certain Priority I or II services that should receive lower priority so that more funds can be made available for higher connectivity broadband applications. AASA and AESA oppose targeting proposals, as they will likely lead to the rationing or elimination of Priority I services, leaving financially struggling schools without the guaranteed funding for critical Priority I services. Communications connectivity was a basic tenet of the 1996 Telecommunications Act. Additionally, AASA and AESA believe that targeting support services diminishes a school's ability to freely determine the specific connectivity services and priorities it needs to—and can—address. AASA and AESA encourage the Commission to avoid targeting supported services and to allow local schools to choose what they can afford to do.

Discount Matrix

- **Discount Matrix Modification:** AASA and AESA oppose modification of the discounts for priority one services. These represent fixed telecommunication costs at the local level, and with schools and LEAs yet to reach pre-recession budget levels, the still-growing demand for priority one services means less money available for priority two which means ever fewer priority two applications are funded. In fact, for FY13, all available funding was consumed by priority one applications, meaning that zero funding was available to support internal connections.

AASA and AESA oppose modification to the priority one discount, based largely on the fact that these levels are based on poverty and, therefore, on an ability to pay. As schools continue to dig out of the recession, schools in need should not be forced to pay more for these recurring telecommunications services. We would be willing to discuss the local match for districts applying under priority two services. The program's current funding constraints mean it is rare for districts in the low 80-percent threshold to receive priority two discounts. Further, priority two applications are artificially low, as applicants with lower discount rates do not even bother to apply, knowing that there is not enough funding.

We would be willing to address ways to prevent the same 90 percent discount schools from continually going for priority two discounts at the expense of other poor districts. With just a ten percent match, it is easier for schools to just include in their technology plan and applications without much thought. There is very little community buy-in at that point. It is possible for the FCC to keep the current discount rating for priority two services but require a greater buy in from the 90 percent discount applicants. We believe that this might help them think about why they are doing what they are doing and what they are asking for. Given the current fiscal climate, this situation requires a lot more study before a decision is made. Raising the overall cap would help address this increasing demand on priority two discounts.

- **School vs. District Poverty Calculation:** The NPRM proposes calculating discount rates at the school district level rather than using the weighted average for each school building. AASA and AESA strongly oppose this change, as it would adversely affect low-income schools in large or county-wide school districts by lowering their discount rate percentages. At the same time, wealthy schools in the same districts would benefit from an increase in their discount rates. AASA and AESA encourage the Commission to maintain the current practice of assessing poverty on a school-by-school basis. This will help ensure that E-Rate discounts are targeted to the right school populations without penalizing school districts based on size or whether their state organizes them contiguous to county borders.

Funding Caps/Per Pupil Funding

The NPRM proposes the establishment of a per-student/per-district cap for each funding year. AASA and AESA oppose per-student based funding because it fails to recognize high-cost service factors that often impact rural and small schools. Everything from cost of connectivity to accessing maintenance has higher costs in small and geographically isolated locations, and per-pupil funding would unfairly shortchange all of these districts and the students they serve.

Further, the E-Rate program was designed to connect schools and libraries, not fund individual children. AASA and AESA are concerned by a proposal to make E-Rate funding portable, as it could potentially undermine the overarching goal of connecting schools. It creates a situation where high-need/high- poverty schools could see enrollment and, consequently, funding decline, further limiting the ability of the high-need school to afford even the most basic of telecommunications connectivity.

Conclusion

Overall, AASA and AESA are supportive of the government's efforts to increase access to broadband across the country. We urge the FCC to consider the current demands on the E-Rate before considering any change in the scope and structure of the program. It is important to get the underlying program operating more efficiently with a streamlined application process and an increased funding level to meet the ever-growing demand for technology in the classroom.

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